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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 000024

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STATE FOR NEA FOR FRONT OFFICE; NEA/IPA FOR
GOLDBERGER/SHAMPAINE/ROSENSTOCK/PECCIA; NSC FOR
ABRAMS/SINGH/PASCUAL

E.O. 12958: DECL: 08/30/2017
TAGS: [PGOV](#) [PREL](#) [IS](#) [KPAL](#) [KWBG](#)
SUBJECT: SETTLEMENT CONSTRUCTION MORATORIUM APPLIES TO WEST
BANK, NOT EAST JERUSALEM

REF: TEL AVIV 03597

Classified By: Charge d'Affaires Luis G. Moreno for reasons 1.4 (b), (d)
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11. (C) Summary: Since Annapolis, Israeli settlement plans have been featured prominently and consistently in the Israeli press. In December alone, there were five published reports of GOI plans to build new residential and commercial projects, primarily in East Jerusalem. Recent press reports indicated that Prime Minister Olmert has barred new building, planning, and occupancy tenders in settlements without his approval, but it was unclear if this included East Jerusalem. However, in a January 2 meeting with Senator George Voinovich (R-OH), others, and the Charge d'Affaires, Olmert clarified that these limitations do not necessarily apply to East Jerusalem. He added that despite his moratorium on settlement construction and land confiscation in the West Bank, natural growth in built-up areas that Israel expects to retain in a final status agreement cannot be prevented. These areas, he claimed, are recognized by both the U.S. Administration and Palestinian Authority (PA) President Mahmoud Abbas as places Israel will retain, even if Abbas could not publicly admit it. End summary.

The meeting was attended by:
The Charge d'Affaires,
Senator George Voinovich (R-OH),
Congressman Mike Turner (R-OH),
Congressman Steve Pearce (R-NM),
Congressman Rob Bishop (R-UT),
Congressman Phil Gingrey (R-GA).

West Bank Settlement Moratorium

12. (C) In a January 2 meeting with CODEL Voinovich and the Charge d'Affaires, Prime Minister Olmert discussed the issue of settlement construction in the territories. Senator Voinovich had recently met with Palestinian interlocutors who told him that the GOI's settlement activity was a major obstacle that negatively affected the progress of negotiations. In response to Senator Voinovich's questions, Olmert confirmed that he has barred the authorization of new building, planning, and occupancy tenders in West Bank settlements without his approval. He noted, however, that despite his ordered moratorium on settlement construction and land confiscations, natural growth in built-up areas that Israel expects to retain after a peace agreement cannot be prevented and would continue. "I won't use my energy to stop this," he said. These areas, he claimed, are recognized by both the U.S. Administration and Palestinian Authority (PA)

President Mahmoud Abbas as places Israel will retain in a final status, even if Abbas could not publicly admit it.

13. (C) Olmert said that he has notified the ministers of defense, housing, and agriculture that there would be no Palestinian land expropriations in the West Bank without his approval. However, he noted, this does not apply to East Jerusalem. On the issue of building in the East Jerusalem settlement of Har Homa, Olmert said that this construction is outside his purview and that the Palestinians know that Har Homa is within Jerusalem's municipal boundaries. He dismissed Har Homa as an insignificant issue and commented that this was all part of the negotiation process. He asserted that Israel should be worried about "real issues" such as settlers being killed by terrorists associated with the PA. (Note: Olmert's comment about settlers being killed is in reference to the December 28 shooting that killed two off-duty IDF soldiers while they were hiking near Hebron. The Islamic Jihad and Fatah al Aksa brigades, which is a faction of Mahmoud Abbas's Fatah organization, claimed responsibility for the attack. End note.)

Recently Published GOI Settlement Plans

14. (C) In December, the Israeli press reported the following GOI plans to build new residential and commercial projects in East Jerusalem and West Bank settlements: (Note: Coming so soon after Annapolis, these announcements -- whether or not accurate -- are provocative and create fodder for Palestinian extremists who question Israel's commitment to the process, while simultaneously weakening Palestinian moderates who support it. End note)

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-- December 2: Ministry of Construction and Housing (MOCH) and the Israel Lands Administration (ILA) published tenders to build 307 housing units in the Har Homa settlement, located in East Jerusalem.

-- December 19: Ha'aretz published an article indicating that Housing Minister Boim endorsed a plan to build a new Israeli neighborhood slated to contain more than 10,000 apartments near Atarot, located in East Jerusalem. (Note: Per reftel, in a December 20 meeting with the Ambassador, Boim disavowed any plans to build in this area. End note)

-- December 23: Reuters and Ma'ariv published articles saying that the MOCH's 2008 budget had allocated some NIS 100 million to build a total of 750 housing units in the Ma'ale Adumim (located in the West Bank) and Har Homa settlements, in addition to the 307 Har Homa units that were previously tendered. (Note: Housing Ministry Director General Chaim Fialkoff told econoff that the MOCH's 2008 budget allocated money for the marketing of 750 housing units, including -- not in addition to -- the 307 previously tendered Har Homa units. End note)

-- December 23: ILA issued a tender for construction of a six-dunam (about 1.5 acres) plot of land for "hotels with an option to re-zone as residential" in the Gilo settlement, located in East Jerusalem.

-- December 30, ILA published a tender to build 440 apartments in East Talpiot, located in East Jerusalem.

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